



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

December 23, 1976

B-170612

The Honorable Howard W. Cannon
Chairman, Committee on Rules
and Administration
United States Senate



Dear Mr. Chairman:

This is in response to your request for our comments concerning your committee's report on the Government Economy and Spending Reform Act of 1976 (S.2925). In general, we view the report as an excellent summary of the major issues and problems to be resolved in developing a practical zero-base review and sunset process for Federal programs.

As you know, this office has long supported efforts to strengthen and improve accountability of Federal programs. We agree completely with the objectives of the proposed sunset and zero-base review legislation, and appreciate the opportunity afforded by your committee to present additional comments on this important initiative. In our view, the essential question concerning proposed sunset legislation is how best to assure effective reevaluation of Federal policy and activities. The Congress itself must determine which particular mechanism is most appropriate for improving its oversight of Federal programs. However, we believe that we can offer some suggestions for making a process such as that proposed in S.2925 as workable and practical as possible.

In our view, the practicability of such a process depends on satisfactorily resolving the conflicting objectives of reviewing all programs equally rigorously on the one hand and assuring, on the other, that the review process is thorough and meaningful given the limits on available analytical resources and on the time available for Congress to consider and decide the issues. We believe that six basic requirements are necessary for resolving these conflicting objectives. These include:

--establishment of a realistic and generally accepted schedule for reviewing programs,

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- assurance of universal coverage of the review process,
- establishment of an agreed upon list of Federal programs,
- matching review objectives with review capabilities,
- integration of sunset reviews with the Congressional and Executive budget process, and
- establishment of a procedure for central coordination and control of the review process.

ESTABLISHING A REALISTIC AND ACCEPTED SCHEDULE: The sunset concept provides for the termination of programs unless affirmatively reenacted by Congress. The purpose of this austere requirement is to compel systematic legislative review of Federal programs. In our estimation, the critical objective is systematic and thorough review. Congress, itself, will have to decide whether or not the threat of termination is necessary to, or will in fact assure, that this type of review is carried out. Whether or not termination is made part of the process, however, we believe it is vital to the process that the Congress establish a schedule which provides for the periodic review of all programs in accordance with the Congress' priorities.

S.2925 would require that programs automatically be subject to termination every five years. Although S.2925 establishes a uniform life cycle of five years for all programs, we believe it may be desirable--perhaps even essential--to vary the length of the review or termination period for some programs or some functional areas. We also continue to urge that related programs be grouped together for purposes of congressional review, with priorities set by functional area, perhaps. While we are uncertain as to the desirable maximum interval between periodic reviews, we believe that it should be no shorter than five years. Some programs may warrant intensive review more frequently than this, but we believe that workload considerations will require an interval in most cases of five years or more.

While we recognize that any review schedule may not provide time to appraise the results of some long-term programs (e.g., elementary and secondary education, occupational cancer tracking, toxic substances...), all programs are subject to some type of evaluation at any point in their life cycle. At a minimum, process or management evaluations

and compliance audits can always be performed to ascertain whether agency management is taking necessary actions for establishing an operational program which, when established, will hopefully generate the desired results.

As the committee report aptly notes, the sunset mechanism could adversely distort the behavior of managers of those programs which are scheduled for review before their effects can be achieved and evaluated. To minimize this potential difficulty, Congress and program managers need to reach agreements regarding what is expected of programs during all phases of the program's life cycle. The purpose of the review process should be to determine (insofar as it is possible to do so) whether or not the activities being pursued at the time of review and those to be implemented following review are both necessary and sufficient for producing the desired long term results. In many cases the ultimate impact of programs will be difficult to predict. Nevertheless, much can be learned in tracking the implementation progress of a program prior to its eventual maturity. Such tracking can be the subject of the periodic reviews which precede a program's maturity.

UNIVERSAL COVERAGE: The committee report notes that further consideration is needed concerning the list of programs to be exempted from the sunset termination provision. We believe that the review process, which we view as the principal objective of the legislation, should be as near to universal as possible. While some activities of government are of such a nature that termination would not be feasible, any activity is capable of being reviewed with a view to improving the efficiency or effectiveness with which it is carried out. If Congress incorporates automatic termination as part of the review process (as proposed in S.2925) it may be necessary to consider limited exemptions on a case-by-case basis from the termination provisions as a matter of practical necessity. We would urge, however, that there be no statutory exemptions from the review process, which should be equally rigorous and objective in all cases.

AGREED UPON LIST OF FEDERAL PROGRAMS: The committee report succinctly outlines the difficult issues involved in developing the definition of "programs." Operationally, many judgments are required in developing an acceptable set of entities which can be labeled as "programs." Programs must be operationally defined before the review process can proceed systematically. As you know, our office has prepared, for each

Senate authorizing committee, a listing of individual provisions of law which authorize budget authority for Federal activities. We have provided a listing derived from about 2,300 sections of law containing over 3,500 authorization provisions to the Senate Committee on Government Operations and we understand that this listing has been provided to the staff of your committee also. We believe that this listing offers the best basis for beginning the task of defining "programs." These provisions can be sorted into the 68 subfunctions currently used in the Federal budget. Enclosed is a copy of our August 15, 1976 report which proposes the use of 98 budget subfunctions. We believe that the budget subfunctions may represent a useful level of aggregation at which to review the effectiveness of government activities. At this level, the number of separate entities is of manageable proportions.

MATCHING REVIEW OBJECTIVES WITH REVIEW CAPABILITIES: In 1972, we urged that the Congress give consideration in authorizing new programs, or in reauthorizing existing programs, to including specific statutory requirements for systematic monitoring and evaluation of the programs by the administering department or agency. Our view is that program evaluation is a fundamental part of effective program administration, and that the responsibility for evaluation should rest initially upon the responsible agencies. Considering the potentially large review workload that will be required under a sunset zero-base review process, we believe that agencies must assume the primary responsibility for performing the required analyses.

Because of the potential workload involved in performing zero-base reviews, care will have to be taken to insure that the analytical resources of executive agencies, congressional support agencies, and the authorizing committees are used most efficiently and effectively. If evaluators and authorizing committees are overburdened, there is a high risk that the intended review process will not be fully effective. The extent of available analytical resources and methods for the effective deployment of these resources will need to be considered by authorizing committees in planning the priority, scope and detail of zero-base reviews of programs within their jurisdiction. Presently, we do not know, but are trying to determine the analytical capabilities of the agencies through surveys and reviews

of agency evaluation and long range analysis activities. A copy of our December 3, 1976 report on the long range analysis activities in seven Federal agencies is enclosed.

Enclosed is a copy of our July 28, 1976 testimony to the House Budget Committee on sunset zero-base review legislation which explains in some detail the problems and limitations inherent in program evaluation and the requirements of a workable evaluation process. Prerequisites for evaluations of high quality and usefulness include:

- 1--clarity in stating program goals and evaluation criteria,
- 2--provisions for the conduct and scope of evaluation made by the actual policymakers themselves,
- 3--the establishment of measures of effectiveness that are feasible to use, and
- 4--supplying succinct and timely data and analysis to policy-makers, program managers, and service deliverers.

We recognize the complexity and difficulty of clearly and specifically setting forth program goals in legislation but urge that this be done to the maximum extent possible.

We also recognize the difficulties that committees may encounter in developing workable and effective review plans. However, we believe that effective planning of individual program reviews is critical to the success of any systematic overall review process. If Congress is to have the best possible information available during its review process, the agencies will need to know well ahead of time the specific issues to be addressed, questions to be answered, and kinds of information to be collected and analyzed in agency program evaluation studies. High quality evaluation studies, particularly of complex programs, will often take several years to complete. Thus, they must be planned and started well before the results are needed.

Close coordination and agreements between legislative and executive evaluators and policymakers will be needed to insure that the congressional review questions can be answered and are answered with sufficient reliability and validity to satisfy congressional needs. Agreement will be needed between evaluators and policymakers with regard to issues of review depth, content, procedures, criteria, and data analysis.

Because of the need for committee, executive agency, and congressional support agency interaction in the planning stages, and because of the time required to carry out complex evaluations, we suggest that as much time as possible be allowed for the development and design of evaluation plans and methods as well as for the conduct of the zero-base reviews themselves. We believe it essential that the evaluation process for the next review cycle begin immediately following the prior review or reauthorization so that the analytical review tasks can be spread over the entire time of the cycle. Accordingly, we suggest that Section 203(a) of S.2925 be modified to require that committees adopt their tentative zero-base program review plans at the time of reauthorization rather than allowing deferral of tentative review planning until March of the year preceeding the year in which the program is scheduled for congressional review.

We also believe it essential for authorizing committees to have sufficient time and resources to meet the sunset review and reauthorization workloads. Authorizing committees may find it desirable, for example, to move away from one, two or three year authorizations and toward five year authorizations in order to meet sunset reauthorization workloads. Although S.2925 would not prevent the enactment of authorizations for less than five years, reversal of the trend toward annual or biennial authorizations may be necessary for the sunset process to function effectively.

Also, under S.2925, committees would receive executive agency program review reports five and one-half months before the May 15 deadline for reporting committee zero-base review reports and recommended authorizing legislation. We believe that committees may need additional time to examine the executive agency reports, to prepare their own zero-base review reports, to consider reauthorization issues, and to formulate recommended reauthorization bills and the accompanying committee reports. We suggest that Section 206(a) of S.2925 be changed to require submittal of executive agency program review reports on or before October 1 rather than December 1 of the year preceeding the year in which the program is scheduled for congressional review.

Hopefully the additional time allowed for the planning and conduct of zero-base reviews will help ensure that the reviews are both feasible to perform and useful in the reauthorization process.

Members of our staff would be glad to work with the committees in developing suitable program evaluation provisions and plans tailored to meet, on a case-by-case basis, specific congressional oversight needs.

Even the best planning, however, may not be able to prevent disappointing review results during the initial cycles. Because it may not be possible to achieve all congressional review objectives, it is important that sunset procedures have enough flexibility to account for review results which do not measure up to the original review intentions.

INTEGRATION OF THE REVIEW PROCESS WITH THE CONGRESSIONAL AND EXECUTIVE BUDGET CYCLE: With the passage of the Congressional Budget and Impoundment Control Act of 1974, Congress committed itself to new procedures and a rigorous timetable for linking together authorization, appropriation and overall Federal spending policy decisions. We believe it is essential that any new systematic program review process be carefully integrated with these procedures and schedules. We strongly support the objectives of S.2925 to assure careful, systematic review of the effectiveness of existing programs and of the need to continue them. We urge, however, that in working toward this objective, the Congress provide sufficient flexibility to insure that the new review process and its requirements do not interfere with the budget process established under the Congressional Budget Act. If a process is established along the lines contemplated in S.2925, difficulties will undoubtedly be encountered in the early years as experience is being gained. It is important that flexibility be provided to assure that the impact of these difficulties on the budget process (with its necessarily tight deadlines) is minimized. Our recommended modifications to S.2925 reflect our concern that the authorizing committees have sufficient time and resources to meet their responsibilities under the Budget Act as well as the proposed sunset legislation. If sufficient flexibility is provided, we believe the sunset zero-base review process will enhance the ability of Congress to exercise budget control.

CENTRAL COORDINATION AND CONTROL OF THE REVIEW PROCESS: If Congress enacts sunset or some other kind of oversight reform legislation, we believe it is extremely important to provide for central coordination and management control of the review process. Coordination and control, particularly with respect to scheduling reviews, can help assure even-handed review, provide a relatively balanced workload among committees and agencies, and assure consideration of priorities for review among programs given the limits on available analytical resources and on the time available for Congress to consider and decide the issues. Ultimate responsibility for coordination and control of the congressional review

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process will, of course, be exercised by the full House and Senate. S.2925, for example, would fix the review process by statute. Because of the desirability of maintaining some flexibility in the schedule, we suggest that the Congress consider alternative scheduling processes which would provide greater ease in adjusting the schedule while retaining the involvement of the Congress as a whole in setting the schedule.

One approach which we believe merits serious consideration would be to use the first concurrent resolution on the budget as a vehicle for setting and revising the review schedule. The Budget Committees could propose a review schedule for the succeeding five years (or other period) based on recommendations from the standing committees, congressional support agencies and the Executive Branch. The schedule would then be considered, modified if appropriate, and approved by the full House and Senate as part of its action on the first concurrent resolution. The proposed review schedule and priorities could then be reviewed and amended, if necessary, each year by the full House and Senate, helping to ensure flexibility in the scheduling of reviews and the setting of review priorities in accord with congressional intent. We believe that an arrangement of this sort would help assure integration of the new review process with the existing budget process.

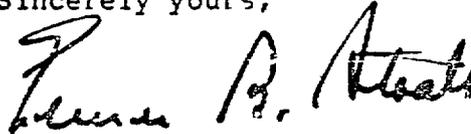
Another approach which might be considered would be to retain the statutory schedule as proposed in S.2925, but provide a simpler method for adjusting it to meet changing circumstances. For example, the Budget Committees might be authorized to propose schedule changes which would become effective on the expiration of sixty calendar days unless rejected by both Houses.

We concur with the Committee's finding that sunset zero-base review legislation could cause substantial impacts on State and local governments, most obviously in those programs providing assistance to State and local governments. We believe that further consideration needs to be given to the involvement of States, localities, and other jurisdictions in setting priorities for and in conducting program reviews. For programs which operate principally through State, local and other jurisdictions, many evaluative questions can only be answered with their participation.

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In the final analysis, if enacted, the success of any review process will depend on the committees and leadership of Congress itself. The General Accounting Office would be pleased to assist the Congress in any way that we can with this task. If you so desire, we will be pleased to assess any specific issues and to answer any technical questions your committee may have.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Thomas A. Atkins".

Comptroller General
of the United States

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